



Committee on Budgets

22.8.2022

MISSION REPORT

following the Committee on Budgets' delegation to Lisbon and Braga
(Portugal), 18-20 July 2022

Committee on Budgets

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BUDG delegation to Portugal

18-20 July 2022

Mission Report

I. Overview of the mission

The objective of this mission was to discuss with the Portuguese institutional actors the use of EU funds, particularly the Recovery and Resilience Facility (RRF). To this effect, meetings were held in Lisbon as well as in Sintra and Braga to ensure that Members had a broader understanding of the issues at stake, particularly from a regional and local perspective. Ten BUDG Members participated in the mission, with Mr Johan Van Overtveldt, Chair (ECR), as Head of the mission. One Member from the ECON Committee accompanied the mission.

Over the two and a half days of the mission, Members encountered political actors from the Government, members of the Portuguese Parliament, and regional and local authorities. Moreover, the Delegation visited four projects to grasp the practical implications and challenges of using EU funds in different contexts.

Background information - the Recovery and Resilience Facility in Portugal

At the time of entry into force of the RRF regulation, Portugal was entitled to receive over EUR 16 billion from the RRF, of which EUR 13.9 billion in the form of grants and EUR 14.2 billion in the form of loans. Following the recalculation of the grant component released by the Commission on 30 June 2022, Portugal is entitled to receive EUR 15.5 billion in grants, corresponding to an increase of EUR 1.6 billion or +11.7% compared to the original allocation.

Portugal was the first country to submit its national recovery and resilience plan (NRRP) to the Commission. The NRPP was submitted on 22 April 2021, under the Portuguese Presidency of the Council of the European Union. The Commission positively assessed Portugal's NRRP on 16 June 2021, whilst the Council of the European Union approved the assessment on 13 July 2021.

Portugal's approved NRRP amounts to EUR 13.9 billion in grants and EUR 2.7 billion in loans; hence whilst Portugal has made use of the entire grant envelop before the recalculation, it has not done so concerning the loans. The NRRP allocates EUR 6.3 billion to the climate transition (38% of the planned total allocation for reforms and investments) and EUR 3.7 billion to the digital transformation (22%). Portugal has, therefore, slightly exceeded the 37% and 20% targets for the twin transitions set by the Commission. According to the Commission, Portugal's NRRP has the potential to increase the country's GDP by between 1.5% and 2.4% by 2026. Considering the timing of the milestones and targets set out in the NRPP, in terms of the investment timeline, per-year investment is expected to peak at around

EUR 3.9 billion in 2023 before dropping to EUR 3 billion in 2025 and then to EUR 0.5 billion in 2026.

Portugal already submitted its first payment request on 25 January 2022. It received the disbursements of the first payment of EUR 1.16 billion on 9 May 2022. On 3 August 2021, the Commission disbursed EUR 2.2 billion in pre-financing to Portugal. As per the operational arrangement between Portugal and the Commission, the second payment request of Portugal is expected in Q3 2022.

Conclusions

During the mission, Members assessed the use of EU funds in Portugal. The main conclusions of the mission are that Cohesion and Structural funds have been well used to help Portugal support its economic, social and territorial cohesion. At this stage, there is no element to suggest that Portugal will deviate from this good performance in using EU funds concerning the Portugal 2030 Partnership Agreement and the RRF

On RRF

- In view of the strong political commitment and governance structure, there is no element to suggest delays in implementing key reforms envisaged in the Portuguese NRRP.
- The Portuguese NRRP appears to be already well aligned with the REPowerEU objectives, given its strong green dimension on decarbonising industries, increasing energy efficiency and renewable energy sources. It should also be noted that Portugal has currently used a low percentage of RRF loans and has received an additional grant allocation of EUR 1.6 billion. Therefore, it could potentially use the additional funds to further progress in achieving the REPowerEU objectives.
- Whilst the adopted Portuguese NRPP includes funding for policy areas and infrastructure managed by regional and local authorities, according to the latter, their involvement in the plan's design appears to have been insufficient. The EP has stated during the negotiations of RRF and in the Plenary resolution of June 2022¹ that regional and local authorities must be intensely involved throughout the process. The Portuguese authorities are called to enhance the involvement of stakeholders, including notably regional and local authorities, in any amendment to the NRRP.
- Portugal appears to have the tools to ensure, to an appropriate level, transparency on the final beneficiaries, a key EP priority. This is thanks to a governmental website that details updated information on the beneficiaries of all EU funds, including RRF.

The EU budget and economic outlook

The Delegation discussed with the Portuguese authorities the use of EU funds in the general context and the impact of such context on the EU and national budgets. The discussions were timely, given the increasing number of elements threatening the stability of the EU budget.

¹ [European Parliament's Scrutiny on the ongoing assessment by the Commission and the Council of the national recovery and resilience plans](#)

- The EU inflation rate, estimated at 8.9% in July 2022, due mainly to exogenous shocks, namely the lasting effects on supply chains or the COVID-19 ongoing crisis and Russia's aggression toward Ukraine, is a severe risk to the EU budget. However, it was underlined that European solidarity is the best tool to significantly protect citizens from the harshest effects.

- Another recent exogenous shock affecting the EU is the energy crisis triggered by Russia's aggression on Ukraine and the decline in the supplies of gas from Russia in a deliberate attempt to use gas supply as a political weapon as recognised by the Council in the regulation EU 2022/1369 on coordinated demand-reduction measures for gas, recital 1. The discussions revolved around the fact that the Portuguese Government did not believe that a "one size fits all" solution regarding the energy crisis would be possible due to the heterogeneous situations in each Member State.

- Regarding the revision of the Multiannual Financial Framework, which Parliament has requested, the Portuguese authorities could only support it in case it would not generate new imbalances. Conversely, the Delegation and the Portuguese authorities agreed on the need for a swift resolution of the political impasses blocking the entry into force of new Own Resources, such as the minimum corporate taxation.

Mission debriefing: The mission debriefing took place in the BUDG meeting of 31 August 2022.

II. Meetings and visits summaries

During the mission, Members had the opportunity to meet with central, regional and local authorities of Portugal as well as to visit four project sites with a view to analyse the use of EU funds and notably the RRF.

1. Meeting with the Minister of State for the Presidency

In her introductory remarks, the Minister of State for the Presidency, Mariana Vieira da Silva, stressed how solidarity between the Member States was essential to rise to the challenges of the Covid-crisis and how this is even more important in the present, more complex, situation. She then highlighted the good performance of Portugal in implementing EU funds, resulting in positive macroeconomic impacts, and how EU funding was significant for public investments in Portugal, especially during the difficult years of the financial crisis. The Minister stated that the expectation is for Portugal to continue showing similar good performance in the closing of the financial period 2014-2020, given the commitment rate of EU funds of 115%, a considerable margin that maximises the possibility of complete absorption despite the difficulties posed by the Covid-19 crisis and the war. Then the Minister highlighted the priorities of Portugal for the financial period up to 2027, set out in the national NRRP and “Portugal 2030”, the recently signed Partnership Agreement with the Commission. She underlined how Portugal strives to strengthen the engagement of regional authorities, with several regions now having authorities elected by the citizens and thus being more independent.

The Minister explained that the Portuguese NRRP is already aligned with the REPowerEU objectives given the strong green dimension aimed at decarbonising industries, improving energy efficiency and increasing renewable energy sources. After recalling the status of implementation of the NRRP, the Minister announced that Portugal is identifying projects to be included in the NRRP to make use of the additional EUR 1.6 billion in grants, to which the country is entitled as a result of the grants recalculation published by the Commission on 30 June 2022. The plan is for Portugal to start discussing with the Commission after the summer recess.

In the ensuing discussion, Members requested further explanations on Portugal’s strategy for preparing the updated NRRP, including achieving the REPowerEU objectives. They also inquired about Portugal's intentions concerning the possible use of the RRF loan component as well as the transfer provisions from cohesion and agricultural funds included in the Commission’s amending proposal of the RRF regulation (2022/164 (COD))². In response, the Minister explained that the project selection for the update of the NRRP is ongoing and that the Government plans to strengthen and complement policy measures already included in the NRRP and in Portugal 2030 to achieve the maximum impact, including the REPowerEU objectives. In this respect, Portugal strives to ensure a clear distinction in funding between cohesion funds and the NRRP. However, she acknowledged that there is a grey zone where

² Commission’s proposal for a Regulation of the European Parliament and of the Council amending Regulation (EU) 2021/241 as regards REPowerEU chapters in recovery and resilience plans and amending Regulation (EU) 2021/1060, Regulation (EU) 2021/2115, Directive 2003/87/EC and Decision (EU) 2015/1814 (COM (2022) 231 final) of 18 May 2022.

this distinction is more difficult but very important to avoid double funding and stated that this would be the implementation challenge for the years to come. Concerning loans, she recalled that so far, Portugal used only a low percentage of this RRF component; the country could now ask more depending on what needs to be done to implement REPowerEU. As regards the transfer provisions, she expressed understanding for the Members' concerns: whilst it is vital to have more funds to face the new challenges, and it is good to have cohesion policy as a flexible tool, this can be accepted as long as it does not affect the objective of strengthening cohesion; in any event, she stated that the Portuguese Government does not currently envisage to transfer funds for the update of the NRRP. Asked whether, given the need for more funds to achieve the objective of REPowerEU, it would not be more appropriate to create a new programme, the Minister explained that this is not only a financing question but also a political one. The priorities of REPowerEU are already covered by Portugal 2030 (investments in renewable energy sources, energy efficiency, batteries...). If Portugal 2030 funds proved insufficient, then the Government would be open to taking more loans.

Members also asked the Minister to further outline the plan to ensure that the EU funds allocated to Portugal 2030 and the Portuguese NRRP are entirely spent; the Minister's views were solicited against the tight implementation deadlines, for which the Members pointed to the opportunity of a review. In this respect, the Minister acknowledged the need to work as fast as possible given the deadline constraints. Albeit she did not see a possibility of extensions given the need to involve National Parliaments, the Minister found positive the opening expressed by the Members. However, she expressed confidence in the ability of Portugal to meet the deadlines, recalling the strategy currently pursued of overbooking the funds. Whilst the situation has changed compared to when the NRRP was adopted, and there are implementation risks, there is also the possibility to ask the Commission for a modification of milestones and targets (in particular for quantitative targets) in case these cannot be complied with, which reduces the risks of decommitment of the funds.

Asked about the tools to ensure transparency of the final beneficiaries of the RRF, for which the European Parliament fought during the negotiation of the RRF regulation, the Minister explained that Portugal has a transparency portal to show for all funds (not only the NRRP) the final beneficiary; the portal is constantly updated.

Members questioned the Minister regarding the involvement of regional and local authorities in selecting the projects to be included in the NRRP and on the steps undertaken by Portugal to communicate to citizens the source of the funds for the projects they will ultimately benefit from. In response, the Minister explained that Portugal had conducted a lengthy consultation process involving regional and local authorities. The adopted NRRP includes billions of funding for policy areas and infrastructure managed by the local authorities, such as housing and schools. In this respect, asked about a possible further change in the competencies of regions and municipalities, the Minister explained that the current institutional setting is a mixed one, with some regional authorities elected locally, enjoying greater autonomy, and others appointed by the Government; further changes will have to be evaluated by 2024 with the possibility of a referendum to enact them. Concerning communication, the Minister acknowledged the need for improvement of the operational aspect, given that this is a mandatory requirement of the functioning of RRF, for which, however, there is no technical assistance provided, differently from cohesion policy.

Finally, Members asked about the Government's effort concerning housing issues and support to Ukrainian temporary protection seekers, against the background of the visit to the project "Eixo Verde-Azul" and the exchange of views with the Mayor of Sintra. In this respect, the Minister explained that, overcoming the limits of cohesion policy (which cannot support housing and integration of migrants), Portugal 2030 and the NRRP are the expression of an overall horizontal strategy, which pools together all available resources to overcome existing challenges, including housing and immigration. When it comes to hosting Ukrainian temporary protection seekers, the Minister explained that from the outset, the country had an open policy and offered support to those coming to Portugal giving social security, helping in finding a job etc. The Government discusses the situation weekly and is ready to continue receiving and integrating people. She explained that the concentration of Ukrainian temporary protection seekers in the area of Sintra should be explained by the already large Ukrainian community existing over there, which attracted family and friends escaping from the war.



2. Meeting with the Secretary of State for the Treasury, on behalf of Finances Minister

The meeting was opened by the Secretary of State for the Treasury, João Nuno Mendes, who gave a brief presentation of the current challenging context, characterised by the persistence of the Covid pandemic and rising inflation, including because of Russia's invasion of Ukraine.

It followed an exchange of views with the Members, who inquired about the possible content of an EU plan to fight inflation to prevent social unrest. Members also asked about the opportunity of introducing a new EU budgetary mechanism, similar to RRF, for cases of emergency or, in any event, to ensure Europe has enough funding to meet its ambitions, pondering whether the time has arrived for the Council to be open to the EU to raise more debt to achieve strategic autonomy. At the same time, Members inquired whether a breakthrough could be expected on Own Resources or whether reinforced cooperation should not be pursued for the minimum corporate taxation given the obstacle posed by Hungary. Members also inquired about the opportunity to revise the Multiannual Financial Framework (MFF), given that it was not designed for the new challenges currently faced by the EU and the European Stability and Growth Pact. Finally, Members asked the Secretary of State about Portugal's position concerning the transfer provisions in the Commission's proposal for

amendment of the RRF regulation³ as well as whether the current inflation may impact Portugal's ability to meet all milestones and targets included in the NRRP.

In response to the Members' queries, the Secretary of State confirmed that the ECOFIN and the Euro Group are positive regarding the RRF. Its implementation allows many learning opportunities to design effective policies in priority areas, such as the green and digital transitions; at the same time, Europe should not return to standard times with a too strong level of permanent expenditure. He explained that there is excellent coordination in the ECOFIN and the Euro Group and a sense of all Member States facing the same challenges, without a divide between North and South of Europe. Portugal is working to find a good compromise on REPowerEU, in line with the spirit of the July 2020 package. Still, the different challenges brought about by the energy crisis can create problems for the competitiveness of the EU industry. The Secretary of State stated that there could not be a "one size fits all" solution because Member States are in different situations. However, REPowerEU will be an excellent opportunity to move quickly on the green transition. As regards the transfer provisions in the Commission's amending proposal, the Secretary of State acknowledged the differences in the principles underlying the cohesion and rural development fund tools and RRF.

Concerning corporate taxation, the Secretary of State expressed the hope for a quick adoption, praising the French Presidency's work in that direction.

Finally, concerning the review of the MFF, the Secretary of State stated that Portugal could only accept a revision in case it would not generate new imbalances.



3. Meeting with the relevant Committees of the Portuguese Parliament to discuss the EU Budget as a tool of recovery, resilience and prosperity: from COVID19 to the invasion of

³ See above footnote 2.

Ukraine

During the meeting, chaired by the Vice-President of the Portuguese Parliament, Edite Estrela, Members exchanged views with representatives of four committees of the Portuguese Parliament: the European Affairs Committee, the Budget and Finance Committee, the Committee on Economic Affairs, Public Works, Planning and housing and the Subcommittee for the monitoring of the European funds and the NRRP.

In her introductory remarks, the Vice-President of the Portuguese Parliament recalled the various challenges faced by the EU in the present times, which could compromise the EU integration process, and instead saw the emergence of new tools and resources of solidarity, in line with the vital principle of the Schuman Declaration whereby the EU “*will be built through concrete achievements which first create a de facto solidarity*”.

In the ensuing debate, the Chairman of the Portuguese Budget and Finance Committee, Felipe Neto Brandão, echoed the introductory remarks of the Vice-President, stressing that Next Generation EU is the most unambiguous expression of EU solidarity. He underlined the importance of scrutinising the implementation of the RRF and highlighted how the visit of the European Parliament raises the visibility of the work being undertaken. He stressed that, given the constraints, EU funds should be spent to support change and progress and recalled that to ensure effective monitoring, the Parliament created a Subcommittee to monitor the European funds and the NRRP.

In his statement, the Chair of the Delegation, Johan van Overtveldt, recalled the many challenges that stress the EU project and require enlarging the RRF with further funds via REPowerEU. He also expressed that, in the same line, it should be recognised that the current MFF is insufficient, as the world has changed compared to when the MFF was developed, and therefore it needs a fundamental revision.

The Chair of the Subcommittee for the monitoring of the European funds and the NRRP, Nuno Fazenda, recalled how EU funds have positively impacted Portugal across different cycles and Governments. The Portuguese management of EU funds has been positively evaluated by the EU, which always approved the reports by Portugal, and the European Court of Auditors. Indeed, Portugal is one of the few countries that has never had a suspension of cohesion and structural funds. He stressed how now Portugal should keep up with this good work concerning Portugal 2030 and the NRRP, despite two challenges: First, external factors brought by Russia’s invasion of Ukraine and the rising inflation; Second, the need for transparency in the spending of the funds, challenge which has led to the creation of his Subcommittee.

MEP Fernandes stressed how Portugal has been dependent on EU funds, accounting for 90% of public investments and how these funds should be spent according to the principle of additionality. He underlined that the timeline of cohesion funds and the RRF should be extended to take into account the changing situation, and so should also be the case for MFF. He recalled the importance of having new EU Own Resources and the need for the minimum corporate taxation and the Carbon Border Adjustment Mechanism to enter into force, but at the same time stressed the importance of continuing the work to fight tax evasion and tax avoidance.

The Member of the Portuguese Parliament, Jorge Salgueiro Mendes, recalled that Europe is currently experiencing uncertainty, given Russia's aggression to Ukraine and the changed reality in a post-pandemic world, and that there is a need for an accelerated green transition and energy autonomy. Regarding Own Resources, he stressed that the focus should not be on increasing taxes but on gearing up towards a new industrialisation and using the digital transition as a driver. Finally, she stated that an EU package is necessary to address inflation.

MEP Marques stated that the new challenges posed by Russia's aggression on Ukraine require an EU response to support Ukraine and to support European citizens from the impact of the war. She welcomed the prospect for Next Generation EU to become a permanent instrument, which is predicated on the implementation of RRF to be a success. For this purpose, the timeline (envisaging deadlines in 2023/2026) must be revised. In this respect, she congratulated Portugal on the launch of Simplex to increase transparency in monitoring the expenditure of EU funds.

The Member of the Portuguese Parliament, João Paulo Rebelo, stressed the need for an effective implementation mechanism for the NRRP, whose governance must also be improved in terms of accountability. He expressed the expectation that the work on economic affairs and budgetary planning go hand in hand; that is why the new European funding instrument has to be linked with the European Semester to ensure debt sustainability.

MEP Keller expressed that the MFF should be reviewed to allow for more ambitious programming adapted to new circumstances. She also recalled the need for Own Resources to finance the Next Generation EU while ensuring international competitiveness and protection of European environmental standards. In this context, she enquired about the openness of the Portuguese Parliament to accept reinforced cooperation on the matter of the minimum corporate taxation.

The Member of the Portuguese Parliament, Felipe Melo, questioned whether 90% of Portuguese investments are financed with EU funds is not to the detriment of private investments, thereby hampering the possibilities for the economy to grow.

MEP Rzońca expressed support for the bottom-up approach of RRF to ensure that funds deliver EU added value. He praised the cooperation between Member States and the European Commission in preparing the NRRPs, which has been fruitful at a technical level in a context where a "one size fits all" approach would have not worked, given the differences among the Member States. However, he expressed concern as the political dimension seems to matter more than the dimension of strict application of RRF regulation.

The Vice Chair of the Portuguese European Affairs Committee, Bernardo Blanco, questioned whether some of the projects financed with the NRRP could not have been financed with national funds and asked for an update on the monitoring work of the Subcommittee for the monitoring of EU funds and the NRRP.

The Chairman of the Committee on Economic Affairs, Public Works, Planning and Housing, Afonso Oliveira, concluded the session by stressing the importance of European solidarity and expressing the hope that the EU funds will be appropriately spent to improve competitiveness and to make the life of citizens better. He underlined the importance of the

work of the Subcommittee for monitoring EU funds and the NRRP to ensure scrutiny and transparency and that money goes where it is supposed to.



4. Exchange of views with the Mayor of Sintra

The Mayor of Sintra, Basílio Horta, put the “Eixo Verde-Azul” project in the Sintra region into the context of the importance of cohesion policy and, more generally, EU funds, including RRF, for addressing the challenges of local communities in Portugal. Such challenges include improving access to housing, schools, healthcare services, and integrating migrants (including Ukrainians).

Nonetheless, the Mayor stressed how the involvement of local communities in the design of the national NRRP was insufficient and how this resulted in inadequate access to funds for a municipality like Sintra. To compensate for this, the three principles driving Sintra’s budgeting for 2023 are: cutting expenditure, increasing taxation (notably housing tax) and increasing investment.

In response to the Mayor's statements, the Members recalled that the Parliament was in favour of a more prominent role of regional and local communities in the design of NRRPs and stressed how what they heard during the exchange of views only reinforced this conviction.

5. Exchange of views with the President of the Regional Coordination and Development

Commission (CCDR-N) and Braga's Councillor

During the meeting, Members discussed with Mr António Cunha, President of the CCDR-N, and Ms Olga Pereira, Braga's Councillor, the relevance of the EU funds for the region. The representatives of these regional and local authorities expressed the view that EU funds have had a long-lasting impact on the social and industrial composition by promoting innovation, entrepreneurship, technological development and knowledge transfer, such as the Minho University partnerships with important industrial regional actors.

However, the regional and local authorities expressed concerns over the lack of their involvement by the Government regarding the NRRP, which is considered the expression of an excessive centralistic view, the lack of initiatives considered adequate to boost industrial competitiveness, and a concentration of resources in highly populated metropolitan areas. Moreover, regional and local authorities were concerned that the execution could be at risk given the inflation and the increase in energy prices.

6. Visit to the Administrative Modernisation Agency - e-ID project

The first visit took place at the premises of the Administrative Modernisation Agency (AMA), where, following introductory remarks by Mr Mario Campolargo, Secretary of State for Digitalisation and Administrative Modernisation, Ms Sara Carrasqueiro, Member of the Board of AMA, and André Vasconcelos, AMA Board of Directors Advisor, presented the status of development of electronic identification (or e-ID) in Portugal.

The Portuguese authorities stressed how EU funds, including RRF, are essential in AMA activities related to e-ID. Specifically, there are over nine projects related to e-ID and authentication funded up to 75% by the European Regional Development Fund. The implementation of the NRRP will provide further developments on e-ID solutions in Portugal.

The Portuguese authorities underlined how, in turn, e-ID solutions could be helpful to increase transparency in the use of EU funds and in this respect, they referred to the launch of "Simplex", a simplification programme created in response to citizens' needs, and "Balcão dos Fundos", a platform for the submission of applications to funds and to follow-up the use of funds.

In their presentation, the Portuguese authorities also highlighted how electronic identification is at the core of the modernisation of the Portuguese administration. The modernisation entails both investments to drive uptake for citizens (notably investments in skills) and businesses (including start-ups) and in the administration (e.g. investments in infrastructure, mediation services for citizens, cybersecurity). After presenting the key milestones in the development of the Portuguese electronic identification system, the authorities stressed seven lessons learned to be applied in the future development of the new European system:

- ensuring the use and reuse of the system not only for the provision of public services but also for private services
- the need for a key focus on user experience.
- the shift toward solutions for mobile devices.
- the use of EU open standards.
- the enlargement of the benefits of using electronic identification tools for citizens and

businesses.

- the importance of security to develop and maintain trust in the solution by citizens.
- ensuring that citizens are in control of the solution, also to ensure compliance with data protection rules.

It followed an exchange of views with the Members, who first inquired about the means employed by Portuguese authorities to ensure citizens can keep up to date and engaged with the new electronic identification tools being released by AMA. Secondly, Members asked what guarantees are in place to ensure such tools are inclusive, notably for the elderly. Members also inquired about the political opportunity of extending public electronic identification solutions to private use cases and the potential competition issues linked to developing a State solution in markets, such as one for electronic certification services, characterised by the presence of several private players. Other issues raised by the Members related to the status of the cooperation and exchange of best practices between national authorities developing parallel e-ID solutions, as well as between such authorities and data protection authorities; the costs of developing and maintaining e-ID solutions; data security, cybersecurity and risks of identity theft; as well as the potential use of electronic identification solutions in elections.

In response to the Members' queries, the Portuguese authorities acknowledged that communication with citizens and lack of digital literacy are the two main constraints regarding the uptake of e-ID solutions and digital public services. In this context, they underlined the importance of extending the use of public e-ID schemes to services provided by the private sector without unduly undermining competition with private suppliers of electronic identification solutions. The authorities also explained that whilst giving control to the citizens in the development of e-ID solutions eased compliance with data protection rules, at this stage, there has not been strong cooperation with the data protection authority in such a project. Conversely, the exchanges of views with the other Member States on how to make more secure and business-friendly e-ID solutions is ensured by expert group meetings. Concerning cybersecurity, the Portuguese authorities explained that, in the traditional development of electronic identification solutions, cybersecurity was not a key focus of attention, as it was a non-functional aspect. This has changed thanks to EU rules, and security by default is now the standard. Nonetheless, the Portuguese authorities made a plea to the European Parliament's representatives not to enact too stringent rules that could stifle innovation.

Concerning the use of electronic identification for voting, the Portuguese authorities expressed that, while at the current stage of development of the technology, it would be possible to have a remote voting system, there is a political question to address for which the Portuguese Parliament would have to take a position.

7. Visit to the project “Eixo Verde-Azul” (Green-Blue Axis)

During the second visit, members could appreciate the benefits brought to the population of Sintra by EU funds employed to improve the use and enhance greening of public spaces in an area developed in the ‘90ies without appropriate urbanistic planning, creating the so-called “Eixo Verde-Azul”. The project, developed on the basis of a memorandum of understanding between three municipalities, aimed at optimising the use of natural resources and improving the quality of life of citizens. This was achieved by combining public and private investments to create a park (which will cover 90 hectares) that offers a safe space for people to feel included in communities irrespective of the ethnic group they belong to.

The total investment for the project “Eixo Verde e Azul do Rio Jamor” is EUR 1 739 628, with the EU’s European Regional Development Fund contributing EUR 869 814 through the “Programa Operacional Regional de Lisboa e Vale do Tejo” Operational Programme for the 2014-2020 programming period. The investment falls under the priority “Sustainable urban development”.

8. Visit to projects related to Bosch and Minho University Partnerships

The third visit took place at Bosch facilities in Braga, where Members could observe the results of the research and innovation partnerships undertaken by the company with the Minho University dating back to 2013 and which benefitted from EU co-financing. However, it was pointed out that the plant will not directly contribute to projects financed with the NRRP. The plant develops and produces products such as in-vehicle computers, internal monitoring systems for automotive, radars etc. The projects undertaken under the partnerships with the Minho University contributed to the economic and social development of the country and stemmed from the integration of PhD into the industrial context to specific training for Bosch associates, suppliers and students.

In reply to questions from the Members, Bosch representatives explained that the company would be impacted by the new rules on the reduction of combustion engines, for which the plant in Braga produces components; however, the balance for the company's activities is not expected to be negative as there will still be requirements in terms of radars and other equipment which will generate further business opportunities. Bosch representatives also confirmed that finding a qualified workforce is a challenge, and for this, partnerships with universities are essential.

9. Visit to the RRF project of Centro Tecnológico das Indústrias Têxtil e do Vestuário de Portugal (CITEVE)



The fourth visit was at the premises of the Centro Tecnológico das Indústrias Têxtil e do Vestuário de Portugal (CITEVE). After a presentation of the entity (established 32 years ago as a public technology centre and now a non-profit private organisation), the CITEVE representative outlined the challenges of the textile sector over the years and how CITEVE responded to them. The visit then focused on presenting a project financed with the NRRP - Component 12, which started in July 2022 and is expected to be completed by 2025.

The project entails 58 measures organised across four strategic pillars:

1. Development of local raw biomaterial, notably cellulose fibres, natural fibres and biocomposites, bringing back the knowledge and the expertise of the past and at the same time developing new, more efficient production processes (e.g. using reduced amounts of water);
2. Circularity initiatives to choose the best recycling options and to explore pre- and post-consumer textile waste recycling as well as the use of industrial residues for textile applications (for example, using food waste);
3. Sustainability initiatives to provide more competencies to the industry in eco-design and engineering, methods for certification and metrics to measure recycled materials in a product, as well as the development of a digital passport (using blockchain technologies to develop a model to have feedback on the product by the consumers and to show to consumers where the product was produced and where it was travelling, so to build more suitable options for consumers);
4. Initiatives to educate consumers.

The total investment will amount to EUR 138 million and will be the biggest project undertaken by the Portuguese textile sector.

In reply to Members' questions, CIVETE representatives explained that whilst the project does not strictly have a cross-border dimension (a requirement for which the European Parliament strongly advocated in the negotiation of the RRF regulation with the Council), it will address challenges which are faced by the EU textile sector overall, and the outcomes could be replicated elsewhere.

III. Programme

COMMITTEE ON BUDGETS OF THE EUROPEAN PARLIAMENT
Delegation to Portugal
18-20 July 2022
FINAL PROGRAMME

Monday 18 July 2022

15.00-16.00	Visit to a project of the Agency for Administrative Modernisation: electronic ID
17.00-18.15	Visit to project “Eixo Verde-Azul”-Green-Blue Axis
18.30-19.15	Meeting with the Mayor of Sintra, Basílio Horta

Tuesday 19 July 2022

9.00-10.00	Meeting with Mariana Vieira da Silva, Minister of State for the Presidency
10.30-11.30	Meeting with Joao Nuno Mendes, Secretary of State for the Treasury
12.30-13.30	Meeting with the relevant Committees of the Portuguese Parliament, to discuss the EU Budget as a tool of recovery, resilience and prosperity: from COVID19 to the invasion of Ukraine, chaired by Edite Estrela, Vice-President of the Assembleia da República.
20.45	Exchange of views with the President of the CCDR-N, António Cunha, and Braga’s Councillor Olga Pereira

Wednesday 20 July 2022

9.15-11.30	Visit to the project - Bosch and Minho University Partnership
12.00-14.00	Visit to the RRF project of CITEVE - Centro Tecnológico das Indústrias Têxtil e do Vestuário de Portugal

IV. Participants

MEPs BUDG	Group	Country
Johan Van Overtveldt, Chair	ECR	Belgium
Herbert Dorfmann	EPP	Italy
Jose Manuel Fernandes	EPP	Portugal
Andrey Novakov	EPP	Bulgaria
Jan Olbrycht	EPP	Poland
Camilla Laureti	S&D	Italy
Margarida Marques	S&D	Portugal
Valérie Hayer	Renew	France
Fabienne Keller	Renew	France
Bogdan Rzońca	ECR	Poland

MEP ECON	Group	Country
Dragos Pîslaru	Renew	Romania